

AR41

**Annual
Report
1965**



**DOMINION GLASS
COMPANY LIMITED**

DOMINION GLASS COMPANY LIMITED

GENERAL OFFICE

1111 BEAVER HALL HILL, MONTREAL

Dec 3, 1965

EXECUTIVE OFFICERS

L. J. BELNAP, *Chairman*
F. N. DUNDAS, *President*
N. W. MELDRUM, *Vice-President and General Manager*
J. R. MACKENZIE, *Vice-President—Manufacturing*
H. J. MACDONALD, *Vice-President—Sales*
T. B. KING, *Secretary*
J. E. GLITHERO, *Treasurer*

DIRECTORS

L. J. BELNAP
R. CHAGNON
R. W. COOPER
K. T. DAWES
F. N. DUNDAS
I. R. MACDONALD
J. R. MACKENZIE
N. W. MELDRUM
F. W. ROSS
H. E. SELLERS, C.B.E.
H. M. TURNER

AUDITORS

TOUCHE, ROSS, BAILEY & SMART, *Chartered Accountants*

TRANSFER AGENT

THE ROYAL TRUST COMPANY, MONTREAL AND TORONTO

REGISTRAR

BANK OF MONTREAL, MONTREAL AND TORONTO

TO THE SHAREHOLDERS:

Your Directors are pleased to submit herewith the Consolidated Balance Sheet at September 30th, 1965, and the statement of Consolidated Income and Net Income retained and employed in the business for the year then ended, together with the Auditors' report thereon, and a summary of the Company's activities during the year.

The Net Income for the year was \$1,629,607 after all charges, including depletion and depreciation of \$1,620,549 and taxes on income of \$1,635,000.

Regular quarterly dividends of $17\frac{1}{2}\text{¢}$ on Preferred shares and 15¢ on Common shares were paid during the year. After dividends amounting to \$1,456,899 there remained a balance of

\$172,708 to be added to NET INCOME RETAINED AND EMPLOYED IN THE BUSINESS.

Working Capital showed a decrease of \$2,511,474 over last year. Expenditures on capital account amounted to \$5,399,350. There remained a balance of \$698,000 on approved and uncompleted Capital Appropriations.

Sales amounting to \$47,951,471 showed a moderate increase over the previous year. Earnings, however, were reduced due to several factors of cost of a non-recurring nature including heavy start-up expenses for the production of glass baby food containers, which product had heretofore been packed in metal, pre-production and start-up expenses of the new manufacturing

facilities for British Columbia and similar pre-production expenses for the new Plastics operation in Toronto. Labour wage rates which are a substantial item in the cost of manufacturing glass containers continue to rise appreciably.

It is the practice of your Company to provide an accrual for the major repairs to its furnaces on an annual basis whereas the income tax department ruled that these expenditures may only be deducted from income for tax purposes in the year they are incurred. In order to properly reflect the provision for taxes on income with earnings each year the aggregate amount of income taxes paid of \$940,000 in respect of these accruals (of which \$129,500 applies to the current year) has been set aside to be applied to the provision for income taxes in the year such expenditures are made.

For many years your Company deemed it prudent to maintain a number of reserves. Having regard to the strong financial position of your Company at the present time it has been decided that these reserves are no longer necessary and accordingly they have been transferred to net income retained and employed in the business. It was also decided at the same time to write off the balance at which the patent rights, trademarks and goodwill were carried on the accounts of the Company.

As mentioned in last year's report the Industry is meeting severe competition in the beverage market from metal containers. To meet this situation your Company has intensified its efforts to retain the market with non-returnable glass containers. It is anticipated that promotional efforts now being undertaken in this regard will result in considerably increased volume of glass containers being used by the Soft Drink Industry. Other traditional glass markets have been well maintained.

During the year your Company signed a Technical Assistance Agreement with Owens-Illinois Inc., the leading producer of glass containers in the United States. This Agreement will make available to your Company all the commercially used technology and patented in-

ventions of Owens-Illinois Inc., in the glass container field, together with the benefit of their multi-million dollar programme in Research and Development. This Agreement should prove most valuable in the years to come.

The new factory at Burnaby, B.C. was completed during the fiscal year and went into production in the month of November. Construction of a plant for the manufacture of Plastics in Toronto has just been completed and is expected to be in full operation in the early part of the current fiscal year. Plant and equipment has been maintained in a good state of repair and new equipment has been added in line with technological advances in the Industry.

In December 1964, Mr. J. R. Mackenzie, Vice-President Manufacturing was elected a Director of the Company to fill the vacancy on the Board created by the death of the late Mr. N. M. Yuile.

Your Directors wish to express their grateful appreciation to all employees of the Company for their loyal and devoted service during the year.

All Directors retire from office and all are eligible for re-election.

The Auditors, Messrs. Touche, Ross, Bailey and Smart also retire, and being eligible, offer themselves for re-appointment.

The Annual Meeting of the shareholders will be held in Montreal on Thursday, December 16th, 1965. Shareholders unable to be present are requested to complete and return the enclosed form of proxy.

On behalf of the Board,

L. J. BELNAP, *Chairman.*

FRED N. DUNDAS, *President.*

Montreal, November 23rd, 1965

DOMINION GLASS

CONSOLIDATED BALANCE SHEET

Assets

	SEPTEMBER 30, 1965	SEPTEMBER 30, 1964
CURRENT:		
Cash	\$ 307,009	\$ 440,701
Government bonds, at cost. (Market value at September 30, 1965—\$2,992,825)	2,965,431	7,125,011
Accounts receivable	3,873,265	3,497,779
Income taxes recoverable	611,822	—
Prepaid expenses	646,947	595,617
Manufactured products, materials and supplies, valued at cost or market, whichever is the lower.	12,336,648	10,356,789
	<u>\$20,741,122</u>	<u>\$22,015,897</u>
FIXED:		
Real estate, buildings and equipment, at cost . . .	\$40,275,630	\$34,990,162
Less: Accumulated depreciation (including depletion of \$134,272)	23,000,876	21,449,590
	<u>\$17,274,754</u>	<u>\$13,540,572</u>
Patent rights, trade marks and goodwill	—	2,200,920
	<u>17,274,754</u>	<u>15,741,492</u>
	<u><u>\$38,015,876</u></u>	<u><u>\$37,757,389</u></u>

SIGNED ON BEHALF OF THE BOARD:

L. J. BELNAP, *Director.*

FRED N. DUNDAS, *Director.*

COMPANY LIMITED

(AND SUBSIDIARY COMPANIES)

AS AT SEPTEMBER 30, 1965

Liabilities and Capital

	SEPTEMBER 30, 1965	SEPTEMBER 30, 1964
CURRENT:		
Bank indebtedness	\$ 1,000,000	—
Accounts payable and accrued charges.	4,861,234	\$ 5,362,466
Dividends payable:		
Preferred.	45,323	45,323
Common	318,902	318,902
Income and other taxes	75,578	1,101,933
	<u>\$ 6,301,037</u>	<u>\$ 6,828,624</u>
Provision for future income taxes — Note 2 (a). . .	1,400,000	350,000
RESERVES:		
Replacement of plant and equipment	—	\$ 500,000
Contingencies	—	350,000
		<u>850,000</u>
CAPITAL:		
Authorized —		
260,000 — 7% cumulative preferred shares, par value \$10 — Note 1		
2,500,000 — common shares of no par value		
Issued —		
258,990 — preferred shares	\$ 2,589,900	\$ 2,589,900
2,126,010 — common shares	4,260,100	4,260,100
	<u>6,850,000</u>	<u>6,850,000</u>
NET INCOME RETAINED AND EMPLOYED IN THE BUSINESS	23,464,839	22,878,765
	<u>\$38,015,876</u>	<u>\$37,757,389</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The holder of each of the 7% cumulative preferred shares has the right to convert to common shares of the company at any time prior to December 29, 1977 on the basis of one fully paid common share for each preferred share held. At September 30, 1965, 258,990 common shares of the company were reserved for this purpose.
2. The following affect the current amount of income taxes payable:
 - (a) The company intends to claim capital cost allowances in excess of the depreciation recorded in the accounts for the year ended September 30, 1965 thereby reducing the amount of the current income taxes payable by \$1,050,000. This amount has been set aside as a provision for future income taxes which may be payable when the depreciation recorded

in the accounts may exceed that allowable for income tax purposes.

- (b) The company provides for the major repairs to its furnaces on an accrual basis whereas the income tax department has ruled that such expenditures may only be deducted from income for tax purposes in the year they are incurred. The aggregate amount of income taxes paid or payable amounting to \$940,000 (of which \$129,500 applies to current year) has been set aside as a deduction from the accrual for major furnace repairs to be applied to the provision for income taxes in the year such expenditures are made.
3. Unexpended balance of approved capital expenditure appropriations at September 30, 1965 amount to \$698,000.

DOMINION GLASS COMPANY LIMITED

(AND SUBSIDIARY COMPANIES)

STATEMENT OF CONSOLIDATED INCOME

	<i>SEPTEMBER 30</i>	
	<i>1965</i>	<i>1964</i>
Sales	\$47,951,471	\$47,240,807
Income from investments	165,048	230,623
Net gain on realization of assets	40,710	103,258
	<u>\$48,157,229</u>	<u>\$47,574,688</u>
Cost of goods sold, selling, general and administrative expenses	\$43,117,254	\$41,247,873
Directors' remuneration	154,819	134,641
Depreciation	1,620,218	1,499,715
Depletion	331	357
Provision for income taxes — note 2	1,635,000	2,325,000
	<u>\$46,527,622</u>	<u>\$45,207,586</u>
Net income for the year	<u>\$ 1,629,607</u>	<u>\$ 2,367,102</u>

STATEMENT OF CONSOLIDATED NET INCOME RETAINED AND EMPLOYED IN THE BUSINESS

	<i>SEPTEMBER 30</i>	
	<i>1965</i>	<i>1964</i>
Balance at beginning of year	\$22,878,765	\$21,968,562
Transfer of reserves no longer required	\$1,803,786	
Taxes on income paid in prior years applicable to accrual for furnace repairs — note 2 (b)	810,500	
	<u>\$2,614,286</u>	
Less: Write-off of patent rights, trademarks and goodwill.	2,200,920	
	<u>413,366</u>	
Net income for the year	1,629,607	2,367,102
	<u>\$24,921,738</u>	<u>\$24,335,664</u>
Dividends:		
Preferred	\$ 181,293	\$ 181,293
Common	1,275,606	1,275,606
	<u>\$ 1,456,899</u>	<u>\$ 1,456,899</u>
Balance at end of year	<u>\$23,464,839</u>	<u>\$22,878,765</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

DOMINION GLASS COMPANY, LIMITED,
MONTREAL, QUE.

We have examined the consolidated balance sheet of Dominion Glass Company, Limited and subsidiary companies as at September 30, 1965 and the related statements of income, net income retained and employed in the business and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and related statements of income, net income retained and employed in the business and source and application of funds, as supplemented by the notes thereto, present fairly the financial position of the company and its subsidiaries as at September 30, 1965, the results of their operations and the source and application of funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change as referred to in note 2 (b) to the consolidated financial statements.

TOUCHE, ROSS, BAILEY & SMART,

Chartered Accountants.

Montreal, Que.

November 16, 1965.

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

For the Year Ended September 30th, 1965

SOURCE OF FUNDS:

Net income for the year	\$1,629,607
Non-cash items included in income —	
Depreciation	\$1,620,218
Depletion	331
Provision for future income taxes	1,050,000
	<hr/>
	2,670,549
Proceeds from disposal of fixed assets	44,619
Decrease in working capital after adjustments for reserves no longer required and for taxes on income paid in prior years applicable to accrual for furnace repairs	2,511,474
	<hr/>
	\$6,856,249
	<hr/>

APPLICATION OF FUNDS:

Invested in plant and equipment	\$5,399,350
Dividends paid	1,456,899
	<hr/>
	\$6,856,249
	<hr/>

DOMINION GLASS COMPANY LIMITED

GENERAL OFFICE

1111 BEAVER HALL HILL, MONTREAL

FACTORIES

MONTREAL, HAMILTON, WALLACEBURG,
REDCLIFF ALBERTA AND BURNABY B.C.

SALES OFFICES

MONTREAL, QUEBEC CITY, HALIFAX, TORONTO,
HAMILTON, WINNIPEG, REDCLIFF ALBERTA,
AND BURNABY B.C.

PRODUCTS

BOTTLES AND JARS OF ALL DESCRIPTIONS
FOR PACKAGING, BOTTLING
AND HOUSEHOLD USE

TABLEWARE, KITCHENWARE, TUMBLERS,
PLAIN AND DECORATED

LANTERN GLOBES

ILLUMINATING AND INDUSTRIAL GLASSWARE

PLASTIC CONTAINERS

COLOURS

AMBER, FLINT, GREEN, BLUE, OPAL

